

THE TORONTO STOCK EXCHANGE

28/11/68

FILING STATEMENT NO. 1663.
FILED, DECEMBER 1st, 1968.

NORTHLAND OILS LIMITED

Full corporate name of Company
Incorporated under the laws of the Province of
Alberta on March 9, 1949

Particulars of incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1953
(Ontario) by Letters Patent dated May 1st, 1957).

Reference is made to previous

FILING STATEMENT Filing Statement No. 751.

(To be filed with respect to any material change in a company's affairs, including among other things,
an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.	(a) Proposed sale of Convertible Debentures with share purchase warrants attached; See items 6 and 7 hereof. (b) Acquisition of oil and gas properties by Channel Oils Ltd., a 50% owned subsidiary Company; See items 9 and 11 hereof.
2. Head office address and any other office address.	209 Eighth Avenue Southwest, Calgary 2, Alberta.
3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.	PRESIDENT & DIRECTOR; S. Myron Zandmer, Calgary 2, Alberta - R. P. E. VICE PRESIDENT & DIRECTOR; George A. Harris, Calgary, Alberta - Executive DIRECTOR; Gordon S. Houghton, West Summerland, B.C. - retired SECRETARY-TREASURER; W.G. Nichols, Calgary, Alberta - Chartered Accountant
4. Share capitalization showing authorized and issued and outstanding capital.	Authorized: 5,500,000 common shares, par value 20¢ Issued and Outstanding: 4,608,590 common shares
5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	The Company is indebted to National Petroleum Corporation Limited in the amount of \$52,464.16 evidenced by 6-3/4% notes having a maturity of approximately two years from the date hereof.
6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.	On October 9, 1968 the Company commenced verbal negotiations with Hollandsche Bank - Unie N.V., Kantoor Amsterdam, Postbus 554, Amsterdam 2, Holland (the "Purchaser") relative to the purchaser's unsolicited offer to acquire certain securities of this Company. Subsequently the Company received a written subscription dated October 23, 1968 whereby the purchaser subscribed for \$60,000 principal amount of the Company's 18 month - 6% Convertible Debentures in registered form convertible into 200,000 shares of the Company's 20¢ par value common stock at 30¢ per share within 18 months, but only after the expiration of six (6) months from the date of issue, at the option of the Company or the registered holder. The Debenture will have non-transferrable share purchase warrants attached entitling the Debenture holder to purchase an additional 200,000 shares of 20¢ par value common stock of the Company at 50¢ per share. The share purchase warrants may be exercised only after conversion of the Debenture and within 18 months from the date of issue thereof. On October 29, 1968 the subscription dated October 23, 1968 was amended to increase the principal amount of the Convertible Debentures to \$99,000 convertible into 330,000 shares at 30¢ per share and correspondingly to increase the amount of share purchase warrants to 330,000 shares to be exercisable at 50¢ per share. The Board of Directors of the Company has agreed to accept the amended subscription dated October 29, 1968, subject to acceptance of this proposal by the Toronto Stock Exchange and the Calgary Stock Exchange. The Purchaser has agreed to deposit funds aggregating \$99,000 with The Royal Bank of Canada, 8th Avenue and 4th Street, Southwest, Calgary 2, Alberta upon notification by the Company of the acceptance of this Filing Statement. The Purchaser has confirmed that all shares of this Company acquired under this proposal will be held for investment and not with any present intention of resale or distribution and that in any event no sale of said shares will be made within six (6) months of the date of issue and if any sales of said shares are to be made in the Provinces of Ontario and Alberta same shall be sold only upon and subject to due compliance with the Securities Acts of said Provinces. Counsel for the Company has advised that in their opinion the sale to the Purchaser falls within the provisions of Section 19(3) of the Securities Act, 1966.

7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.	The Company's securities are being purchased for the sole account of Hollandsche Bank - Unie N.V., Amsterdam, Holland. There are no other outstanding or proposed underwritings or options relative to the Company's shares.
8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.	None
9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.	Funds realized on the sale of Convertible Debentures and exercise of the share purchase warrants would be used primarily to finance the development by Channel Oils Ltd. (a 50% owned subsidiary company) of its 20% interest in certain oil and gas properties in West Virginia, U.S.A. in implementation of the recommendations contained in the accompanying Engineers Report respecting these properties. These properties comprise presently producing oil and gas wells together with undrilled acreage details of which are set forth in the Engineers Reports. Participants in this venture include Permeator Corporation and National Oil Field Service Ltd., both of whom are subsidiaries of National Petroleum Corporation Limited. Funds will also be used for general administrative purposes. The Directors reserve the right to re-allocate the use of funds as circumstances and prudent business judgement may then dictate, but in any event, any re-allocation of funds other than as set forth above would be subject to prior notice having been accepted for filing by the Toronto and Calgary Stock Exchanges.
10. Brief statement of company's chief development work during past year.	The Company did not conduct any development work during the past year.
11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.	On September 30, 1968, Channel Oils Ltd. (a 50% owned subsidiary) acquired a 20% interest in 5,908 acres of oil and gas leases together with 122 producing oil and gas wells including all production equipment located thereon from Permeator Corporation at that Company's cost. These properties are located in Kanawha County, West Virginia, U. S. A., and will be operated by Permeator Corporation on behalf of itself and others. The cost of these properties to Channel Oils Ltd. was \$42,000.00 (U. S.). Permeator Corporation is a subsidiary of National Petroleum Corporation Limited.
12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.	See item 11, above.
13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement.	None
14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	Not applicable

FINANCIAL STATEMENTS

NORTHLAND OILS LIMITED

BALANCE SHEET

AS AT SEPTEMBER 30, 1968

ASSETS

Current Assets:

Cash
Accounts Receivable - Trade
Crude Oil on Hand - at market value

\$ 210.12
883.21
1,465.43
\$ 2,558.76

Investment:

Channel Oils Ltd. - Note 1
Shares, at cost \$ 500.00
Advances, less allowance
of \$255,413, for loss

42,549.77 \$ 43,049.77

Permeator Corporation -

20,000 Shares, at cost
(quoted market value \$620,000)
Royalty, at cost

\$105,063.50
6,562.50
\$ 154,675.77

Property, Plant & Equipment - at cost - Note 2

Petroleum Property and Development
less accumulated amortization
of \$137,340.69

\$528,210.84

Buildings and Equipment

less accumulated depreciation
of \$267,736.92

\$ 52,244.58

Organization Costs

\$ 8,434.17

LIABILITIES

Current Liabilities:

Accounts Payable - Trade

\$ 15,577.02

Deferred Liabilities - Note 3

Notes Payable - National Petroleum
Corporation Limited
Royalite Oil Co. Ltd. - Repayable
out of production

\$ 52,464.16
9,619.59
\$ 62,083.75

Shareholders' Equity

Share Capital

Authorized

5,500,000 shares, par value 20¢

Issued

4,608,590 Shares

\$921,718.00

Contributed Surplus - premium on issue
and conversion of shares

460,628.79

Deficit

(713,883.44)

\$668,463.35

Approved on behalf of the Board

W. M. Young Director

George A. Johnson Director

\$ 746,124.12

\$746,124.12

NORTHLAND OILS LIMITED

STATEMENT OF OPERATIONS AND DEFICIT

FOR THE FOUR MONTH PERIOD ENDED SEPTEMBER 30, 1968

Income

Sale of Oil and Gas	\$ 9,667.18
Less Royalties thereon	<u>1,380.64</u>
	<u>8,286.54</u>

Expenses

Well Operating	7,960.78
Interest and Exchange	1,037.52
Office and Clerical	600.00
Legal and Audit	450.00
General and Administrative	<u>506.72</u>
	<u>10,555.02</u>

Net Loss before undernoted charges 2,268.48

Amortization of Lease & Development Costs	8,384.19
Depreciation of Fixed Assets	<u>2,544.26</u>
	<u>10,928.45</u>

Net Loss for the period 13,196.93

Deficit, May 31, 1968 700,686.51

Deficit, September 30, 1968 \$ 713,883.44

NORTHLAND OILS LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE FOUR MONTH PERIOD ENDED SEPTEMBER 30, 1968

Funds Provided

Proceeds from Notes Payable	\$ 14,605.00
Decrease in Working Capital	<u>3,753.70</u>
	<u><u>18,358.70</u></u>

Funds Applied

Net Loss for the period	\$13,196.93	
Less: Depreciation		
& Amortization	<u>10,928.45</u>	2,268.48
Advances to Channel Oils Ltd.		14,104.77
Additions to Property & Equipment		<u>1,985.45</u>
		<u><u>\$ 18,358.70</u></u>

NORTHLAND OILS LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE FOUR MONTH PERIOD ENDED SEPTEMBER 30, 1968

Note 1 Investment in Channel Oils Ltd.

The Company owns 50% of the issued capital stock of Channel Oils Ltd. This investment is carried on the books of the Company on an equity basis. The investment of \$43,049.77 as reflected on the accompanying Balance Sheet represents the Company's share of the net assets of Channel Oils Ltd.

Note 2

Amortization of petroleum leases and development costs is provided on a full cost basis whereby a unit of production cost is determined by pro-rating all lease and development costs incurred against total recoverable reserves of crude oil discovered. Depreciation is provided on a straight line method based on the estimated useful life of plant and equipment.

Note 3

Notes Payable - National Petroleum Corporation Limited

The Company is indebted to National Petroleum Corporation Limited, an associated company, in the amount of \$52,464.16 evidenced by Notes having a maturity of approximately two years from the date of these financial statements.

Royalite Oil Co. Ltd.

The Company has a 3.0277% working interest in certain unitized oil and gas producing properties in Turner Valley, Alberta which are operated by Royalite Oil Co. Ltd. Under the terms of the Unit Agreement the Company is obligated to pay for its share of capital expenditures incurred out of 50% of its share of net proceeds from the Unit. As at September 30, 1968 the Company owed \$9,619.59 to the Unit Operator which amount is repayable out of future production proceeds.

Note 4

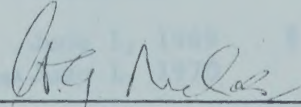
No remuneration was paid or is payable to Directors and/or senior officers of the Company for the period under review.

CERTIFICATE of Secretary-Treasurer with
respect to Financial Statement as of
September 30, 1968

The attached Financial Statements of Northland Oils Limited
consisting of:

1. Balance Sheet as at September 30, 1968
2. Statement of Operations and Deficit
for the four month period ended
September 30, 1968
3. Statement of Source and Application
of Funds for the four month period
ended September 30, 1968
4. Notes to Financial Statements as at
September 30, 1968

have been prepared from the books of the Company and, in my opinion, present fairly the position of the Company as at September 30, 1968 and the result of its operations for the four month period then ended and are in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding fiscal year.


Secretary-Treasurer
NORTHLAND OILS LIMITED

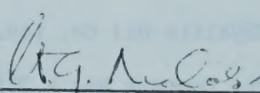
Calgary, Alberta
November 5, 1968

CERTIFICATE of Secretary-Treasurer with
respect to Financial Statements as of
September 30, 1968

The attached Financial Statements of Channel Oils Ltd. consisting of:

1. Balance Sheet as at September 30, 1968
2. Statement of Operations and Deficit for the five-month period ended September 30, 1968
3. Statement of Source and Application of Funds for the five-month period ended September 30, 1968
4. Notes to Financial Statements as at September 30, 1968

have been prepared from the books of the Company and, in my opinion, present fairly the position of the Company as at September 30, 1968 and the result of its operations for the five-month period then ended and are in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding fiscal year.


Secretary-Treasurer
Channel Oils Ltd.

Calgary, Alberta
November 12, 1968.

CHANNEL OILS LTD.
(Incorporated as a private company under the laws of Alberta)

BALANCE SHEET

as at September 30, 1968

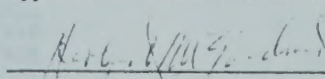
Assets

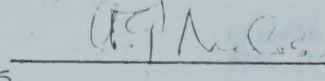
Current Assets:			
Cash		\$	498.46
Accounts Receivable			972.81
Inventory of materials & supplies, at cost			<u>24,959.53</u>
		\$	26,430.80
Note Receivable - Marion R. Askin		\$	3,002.36
Fixed Assets - at cost			
Leases and Development	\$44,855.64		
Less: Accumulated amortization	<u>5,708.75</u>	\$	39,146.89
Plant and Equipment	<u>33,006.86</u>		
Less: Accumulated depreciation	<u>1,570.40</u>		<u>31,436.46</u>
			70,583.35
Organization costs			<u>549.62</u>
			<u>\$100,566.13</u>

Liabilities & Shareholders Equity

Current Liabilities:			
Accounts payable		\$	347.48
Notes Payable - Note 1			17,130.00
Shareholders Loans			
National Petroleum Corporation Limited	\$	322,909.73	
Northland Oils Limited	<u>326,380.21</u>		649,289.94
Capital Stock:			
Authorized - 20,000 shares - no par value			
Issued - 1,000 shares	\$	1,094.28	
Deficit	<u>(567,295.57)</u>		<u>(566,201.29)</u>
			<u>\$100,566.13</u>

Approved on behalf of the Board

 Director

 Director

CHANNEL OILS LTD.

Statement of Operations and Deficit
For the five-month period ended September 30, 1968

<u>Income</u>		\$ NIL
<u>Expenses</u>		
Audit	\$ 321.19	
Licenses and taxes	98.81	
Interest and Bank charges	2.74	
Allowance for depreciation	<u>721.54</u>	\$ 1,144.28
Net Loss for the period		1,144.28
Deficit, May 1, 1968		<u>566,151.29</u>
Deficit, September 30, 1968		<u><u>\$567,295.57</u></u>

Statement of Source and Application of Funds
For the five-month period ended September 30, 1968

<u>Source of Funds:</u>			
By Shareholders loans			
National Petroleum Corporation Limited	\$13,917.72		
Northland Oils Limited	<u>13,918.30</u>		\$ 27,836.02
By Proceeds from Notes Payable			17,130.00
By Payments received on Note Receivable			218.08
By decrease in working capital			<u>204.89</u>
			<u>\$ 45,388.99</u>
<u>Application of Funds:</u>			
To operations	\$ 1,144.28		
Less: Allowance for depreciation	<u>721.54</u>		\$ 422.74
To Fixed Asset Acquisition			<u>44,966.25</u>
			<u>\$ 45,388.99</u>

CHANNEL OILS LTD.

Notes to Financial Statements
September 30, 1968

Note 1 Notes Payable comprise the following indebtedness incurred in the acquisition of certain oil and gas properties in West Virginia:

<u>Payable to</u>	<u>Due Dates</u>	<u>Amount</u>	<u>Rate of Interest</u>
Krebs Oil Company	June 1, 1969	\$ 4,282.50	6½%
Krebs Oil Company	June 1, 1970	4,282.50	6½%
Westates Petroleum Company	June 1, 1971	4,282.50	7½%
Westates Petroleum Company	June 1, 1972	4,282.50	7½%
		<u>\$17,130.00</u>	

ENGINEER'S REPORT

REPORT ON GAS AND OIL PROPERTY

OWNED JOINTLY BY

PERMEATOR AND WOLF CORPORATIONS

KANAWHA COUNTY, WEST VIRGINIA

NOVEMBER 12, 1968

SCOPE

The purpose of this report is a compilation of the areas and wells, jointly acquired as of midnight, September 30, 1968, by Permeator Corporation and Wolf Corporation, located in Big Sandy, Elk and Malden Districts of Kanawha County, West Virginia, each holding an undivided 50% interest therein.

The writer of this report has been closely associated with the property and its operations for the past fifteen years. The information contained herein reflects his observations over this period.

LOCATION

The properties owned are, in effect, three units based upon separate acquisitions as follows:

- (1) Krebs Oil Company - Located in Elk and Malden Districts
- (2) Silman Purchase - Located in Big Sandy District
- (3) Edward Gebhart Lease - Located in Elk District

AREA AND DEVELOPMENT

The following charts disclose the areas and developments of the three acquisitions:

KREBS OIL COMPANY:

Leases	Acreage	No. of Wells
Mary J. Abbott	36	4
Elk River Coal Company	1576	15
T. J. Gillespie	109	9
G. W. Harless	50	1
C. J. Hunt	946	28
H. V. Kingsley	30	1
W. H. Morris	50	3
B. G. Myers	65	4
Isabella Myers	80	2
Numa Block Coal Company	1025	2
C. Q. Smith	590	4
Chloe Young	46	2
Total	4603 Acres	82 Wells

SILMAN PURCHASE:

Leases	Acreage	No. of Wells
James F. Brown	300	13
J. R. Davis	17	1
Peter Silman	7	1
Lowery Heirs	50	3
E. V. Critchfield	14	1
Jarrett Heirs	5	1
Total	391 Acres	20 Wells

EDWARD GEBHART LEASE:

Leases	Acreage	No. of Wells
Total	914 Acres	20 Wells

SUMMARY

(1) Krebs Oil Company	-	4603 Acres	-	82 Wells
(2) Silman Purchase	-	391 Acres	-	20 Wells
(3) Edward Gebhart Lease	-	914 Acres	-	20 Wells
Total	8	5908 Acres		122 Wells

PRODUCING HORIZONS

The principal producing horizon from which nearly all of the wells are producing is the Weir Sand which is encountered at depths varying from 1500 to 2200 feet, depending upon surface elevation. This formation is of the Mississippian Age, lying approximately 300 feet below the top of the Mississippian (Big Lime). The Sand is lenticular with numerous oil and gas "pays" encountered at various depths in the formation. The Sand varies greatly in porosity and permability, but its principal characteristic is the extremely long life of its production, both oil and gas.

The majority of the wells were drilled during the period 1915-1925, and have been in continuous production since that date. It is interesting to note that recent wells that have been completed in this formation, both on the property and adjoining acreage, have shown that the rock pressure decline over the period of the past forty years has only been about 50% from that of the initial rock pressure when the wells were first drilled.

A number of the wells located on the Silman Purchase Lease have been plugged back from the Weir Sand and are producing gas from the Big Injun horizon. This formation in this area has the same peculiarities of relatively low porosity and permability, resulting in a long lived history of production.

Due to the peculiarities of the sand conditions, secondary recovery has never been successfully tried in the Kanawha County area in this formation. The writer has discussed this matter with the various service companies, and it is their opinion that new and more improved methods of completion may result in a greatly accelerated increase in primary production and may eventually lead through ways and means of recovering marginal reserves of both oil and gas by secondary or tertiary methods.

By using the well-completion process developed by Permeator Corp. and utilizing Permeator's permafrow, it is the opinion of the writer of this report the initial production from new wells drilled will be greater than the 122 wells previously drilled using other methods, and, by the same token, treatment with this process of existing wells for secondary recovery will greatly stimulate their production.

POTENTIAL PRODUCTIVE HORIZONS

This property was originally explored and developed for the Oriskany gas; smaller amounts of gas occurring in the following horizons were disregarded due to the greater production from the Oriskany wells. Commercial wells have been explored, developed and are producing in the following sands at the approximate depths:

<u>Producing Sand</u>	<u>Approximate Depth</u>
Big Lime	1,400 Feet
Big Injun	1,550 "
Squaw	1,750 "
Weir	1,850 "
Berea	2,380 "
Shale (Devonian)	4,400 "
Oriskany*	4,950 "
Newburg	5,500 "
Clinton	6,200 "

*Note: Oriskany sand depleted. Now being used by United Fuel Gas Company for gas storage.

PAST PRODUCTION

Detailed information on production for the past 15 years is available upon request. Suffice to say that during the last 10 years one billion nine hundred twenty-three million five hundred seventy-eight thousand (1,923,578,000) cubic feet of gas has been produced, an average of one hundred ninety-two million three hundred fifty-eight thousand (192,358,000) cubic feet per year, and one hundred three thousand eight hundred fifty-seven point fifty-five (103,857.55) barrels of oil have been produced, an average of ten thousand three hundred eighty-five point seventy-five (10,385.75) barrels per year. During the last 10-year period the decline has been less than 1-1/2% per year, thus indicating production has stabilized.

ADDITIONAL WELL LOCATIONS

It is the practice in West Virginia to allot 40 acres for each shallow well. Predicated upon this, there is sufficient undeveloped area on this property to drill 75 more wells.

PROPOSED FUTURE DEVELOPMENT

The present development program of Permeator Corp. is to drill five additional wells a year and treat with permafrow and the Permeator process five old wells a year, or in all a total of ten wells a year. Should the treatment of five old wells a year result in increased production, as it has in other localities utilizing the Permeator process, the production from these old wells should be increased from five to ten times their present production.

By the same token, production from the new wells should exceed the initial production from the 122 wells previously drilled.

COST OF DRILLING NEW WELLS

New wells can be drilled, excluding cost of completion, on a contract basis between \$19,000.00 and \$20,000.00 per well. However, it is recommended that Permeator Corporation, utilizing their own Bucyrus Erie 36-L spudder and completing equipment, drill their own wells.

Only two wells have been drilled on this property in the past ten year, in which the company's equipment was utilized, costing approximately \$13,000.00 per well.

MARKETS

OIL:

The oil produced from the three acquisitions is being sold to Pennzoil Company at its refining plant at Clendenin, West Virginia, at the Eureka Pipeline posted price of \$3.85 per barrel as of November 12, 1968.

GAS:

The gas is purchased for an average sales price of 20¢ per thousand cubic feet by the following companies:

South Penn Oil Company

United Fuel Gas Company

Consolidated Gas Supply Company

Detailed information on file if requested.

GAS RESERVES

Accurate production data on all three of these properties from the standpoint of gas production is virtually impossible to obtain prior to 1949. For a period of over thirty years gas from this property was being produced under vacuum with no accurate measurement figures. Based upon the rock pressure decline on the wells on this property and others in the general area, the gas reserves are estimated to be four billion five hundred million (4,500,000,000) cubic feet.

OIL RESERVES

Based upon the present primary production only of the 122 wells and assuming no new drilling, the oil reserves of the present wells are estimated to be 180,000 barrels.

The drilling of 75 wells on the undeveloped areas will substantially increase the oil reserves and should either new methods of stimulation be found or improved methods of secondary recovery be developed satisfactorily, it is estimated the recoverable reserves would be a minimum of one million five hundred thousand (1,500,000) barrels.

In all probability the Permeator process with its permaflew should be the answer to this question.

INVENTORY

BUILDINGS

- 1 Office - Located at Pinch, West Virginia
- 1 Warehouse - Pinch, West Virginia
- 1 Tool House - Pinch, West Virginia
- 3 Tool Houses - Located on leases
- 2 Corrugated Steel Compressor Stations -
Located at Well No. 9 on the Gebhart Lease

PRODUCTION EQUIPMENT

- 122 Oil and Gas Wells
- 1 Bucyrus Erie 36-L Spudder, complete with
Drilling Tools of all sizes
- 3 Bailing Machines
- 101 Standard Rigs
- 101 Reid and J. C. 20 Horse Power Engines
- 2 Pumping Jacks and Motors
- 2 Portable Light Plants - complete
- 1 Hobart Welder
- 77 Steel Oil Stock Storage Tanks - Capacity 4,375 Bbls.
- 1 Compressor - New - In Use
- 1 Compressor - For standby use
- 1 International TD-9 Bulldozer
- 1 International Truck - 1-ton capacity
- 1 Chevrolet Truck - 1½-ton capacity
- 1 Ford Truck - 2-ton capacity
- 1 Ford Truck - 2½-ton capacity
- 1 Pipe Trailer
- 2 Koler Light Plants
- 1 20 Horse Power Boiler
- 233' 10" Casing
- 1257' 8" Casing
- 398' 7" Casing
- 2144' 5½" Casing
- 108' 4" Casing
- 3756' 2" Upset Tubing
- 1054' #2 Range Tubing - 2"

In addition to the above, there is a large inventory of miscellaneous small equipment and material such as drilling stems, bailors, bits, reamers, side wall spears, wall hooks, spuds, sockets, long stroke jars, short stroke jars, clean-out wrinchs, latch jacks, elevators, rope sockets, chain hoists, swobs, nipples, swedges, gate valves, packers, drop jacks and miscellaneous tools.

TUBULAR MATERIAL IN WELLS

<u>Size</u>	<u>Feet</u>
2" Tubing	242,407
4" Casing	1,990
5" Casing	37,549
7" Casing	193,797
8" Casing	<u>8,220</u>
Total - - - - -	483,963

TRANSMISSION LINES

In addition to the 95,735 feet of the gathering lines to the various wells on the property, there is a large amount of main transmission lines connected to the purchase meters. A conservative estimate of these lines would be as follows:

<u>Size</u>	<u>Feet</u>
2" Line Pipe	175,000
3" Line Pipe	10,000
4" Line Pipe	12,000
5" Line Pipe	<u>4,000</u>
Total - - - - -	201,000

CAPITOL INVESTMENT

The capitol investment in this property is as follows:

Compressors, Drilling and Well Equipment	\$ 302,300.00
Tubular Material - Wells	707,126.78
Transmission Lines	<u>115,361.30</u>
	\$ 1,124,788.08

The equipment and tubular material is in excellent condition and efficiently maintained. However, some repairs and replacements from time to time are required on the Transmission Lines.

OPERATOR

The property is being operated by Permeator Corporation for and in behalf of Permeator Corporation and Wolf Corporation.

ATTACHMENTS

Three (3) representative well logs:*

Edward Gebhart Well No. 1

James F. Brown Well No. 31

C. J. Hunt Well No. 51

*Note: Logs of all wells are available upon request.

Respectfully submitted,

Rush Meadows

Rush Meadows

Dated at Charleston, W. Va.
United States of America
November 12, 1968



C E R T I F I C A T E

I, RUSH MEADOWS, of the City of Charleston, in the County of Kanawha, State of West Virginia, United States of America, hereby certify:

1. That I am a mining engineer and geologist and reside at 602 Stonewall Drive, in the City of Charleston, in the County of Kanawha, State of West Virginia, United States of America.
2. That I attended the University of Santa Clara, Santa Clara, California, and also the University of Southern California, Los Angeles, California; graduating from the University of Southern California.
3. That I have been practicing my profession as a mining engineer and geologist since 1916, covering a period of 52 years.
4. That I have no interest, either directly or indirectly, nor do I expect to receive any interest, either directly or indirectly, in the property of Permeator Corporation and Wolf Corporation or any affiliated company.
5. That I do not beneficially own, either directly or indirectly, any securities of Permeator Corporation and Wolf Corporation or any affiliated company.
6. That the accompanying report is based on personal examination and inspection of the property and close association therewith in a consulting capacity for the past fifteen years and upon a study of the company's records of exploration, as well as personal knowledge of exploration, in the area since 1938.
7. That I am a member of the following professional associations:
 - National Society of Professional Engineers
 - West Virginia Society of Professional Engineers
 - American Mining Congress
 - Arizona Small Mine Operators Association
 - West Virginia Coal Mining Institute
 - Kanawha Valley Mining Institute

Dated this 12th day of November, 1968.



Rush Meadows
Mining Engineer and Geologist

FOOTNOTE-The three representative well logs mentioned
in the above are on file with the Toronto
Stock Exchange.

15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.	National Petroleum Corporation Limited, 209 Eighth Avenue Southwest, Calgary 2, Alberta. 1,337,500 shares (1) Donald F. Love, c/o Imperial Bank of Canada, Calgary, Alberta. 400,000 shares (2) Herbert M. Zandmer and R.L. Abrams, 501 Lesson-Lineham Building, Calgary 2, Alberta. 200,000 shares (3) A. M. Kidder & Co. Inc., 630 Dorchester Blvd. West, Montreal, Quebec. 125,100 shares (2) James Richardson & Sons, 173 Portage Avenue, Winnipeg, Manitoba. 124,984 shares (2) (1) National Petroleum Corporation Limited beneficially owns 1,670,570 shares. (2) Beneficial ownership unknown. (3) As nominees of National Petroleum Corporation Limited.												
16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.	It is believed that the present management is in such position, subject to acquisition of proxies from the largest registered shareholders above shown and dependent upon representation at any meeting of shareholders.												
17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.	<table><thead><tr><th></th><th>Number of Shares</th><th>Cost</th><th>Market Value September 1, 1968</th></tr></thead><tbody><tr><td>Channel Oils Ltd.</td><td>500</td><td>\$500.00</td><td>unknown</td></tr><tr><td>Permeator Corporation</td><td>20,000</td><td>\$105,063.50</td><td>\$620,000.00</td></tr></tbody></table> Channel Oils Ltd. is a private company having an issued share capital of 1,000 common shares. Northland Oils Limited and National Petroleum Corporation Limited each own 500 shares of the issued common stock of Channel Oils Ltd. National Petroleum Corporation Limited owns 36.25% of the issued common shares of Northland Oils Limited.		Number of Shares	Cost	Market Value September 1, 1968	Channel Oils Ltd.	500	\$500.00	unknown	Permeator Corporation	20,000	\$105,063.50	\$620,000.00
	Number of Shares	Cost	Market Value September 1, 1968										
Channel Oils Ltd.	500	\$500.00	unknown										
Permeator Corporation	20,000	\$105,063.50	\$620,000.00										
18. Brief statement of any lawsuits pending or in process against company or its properties.	None												
19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.	None												
20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.	There are no other material facts. None of the Company's shares are in the course of primary distribution to the public.												

CERTIFICATE OF THE COMPANY

DATED November 15, 1968

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

"G.A. Harris"

NORTHLAND OILS LIMITED

CORPORATE
SEAL

"W.G. Nichols"

CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)

THE TORONTO STOCK EXCHANGE

28/11/68

FILING STATEMENT NO. 1663.
FILED, DECEMBER 1st, 1968.

NORTHLAND OILS LIMITED

Full corporate name of Company
Incorporated under the laws of the Province of
Alberta on March 9, 1949

Particulars of incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1953
(Ontario) by Letters Patent dated May 1st, 1957).

Reference is made to previous
Filing Statement No. 751.

FILING STATEMENT

(To be filed with respect to any material change in a company's affairs, including among other things, an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.	(a) Proposed sale of Convertible Debentures with share purchase warrants attached; See items 6 and 7 hereof. (b) Acquisition of oil and gas properties by Channel Oils Ltd., a 50% owned subsidiary Company; See items 9 and 11 hereof.
2. Head office address and any other office address.	209 Eighth Avenue Southwest, Calgary 2, Alberta.
3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.	PRESIDENT & DIRECTOR; S. Myron Zandmer, Calgary 2, Alberta - R.P.E. VICE PRESIDENT & DIRECTOR; George A. Harris, Calgary, Alberta - Executive DIRECTOR; Gordon S. Houghton, West Summerland, B.C. - retired SECRETARY-TREASURER; W.G. Nichols, Calgary, Alberta - Chartered Accountant
4. Share capitalization showing authorized and issued and outstanding capital.	Authorized: 5,500,000 common shares, par value 20¢ Issued and Outstanding: 4,608,590 common shares
5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	The Company is indebted to National Petroleum Corporation Limited in the amount of \$52,464.16 evidenced by 6-3/4% notes having a maturity of approximately two years from the date hereof.
6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.	On October 9, 1968 the Company commenced verbal negotiations with Hollandsche Bank - Unie N.V., Kantoor Amsterdam, Postbus 554, Amsterdam 2, Holland (the "Purchaser") relative to the purchaser's unsolicited offer to acquire certain securities of this Company. Subsequently the Company received a written subscription dated October 23, 1968 whereby the purchaser subscribed for \$60,000 principal amount of the Company's 18 month - 6% Convertible Debentures in registered form convertible into 200,000 shares of the Company's 20¢ par value common stock at 30¢ per share within 18 months, but only after the expiration of six (6) months from the date of issue, at the option of the Company or the registered holder. The Debenture will have non-transferrable share purchase warrants attached entitling the Debenture holder to purchase an additional 200,000 shares of 20¢ par value common stock of the Company at 50¢ per share. The share purchase warrants may be exercised only after conversion of the Debenture and within 18 months from the date of issue thereof. On October 29, 1968 the subscription dated October 23, 1968 was amended to increase the principal amount of the Convertible Debentures to \$99,000 convertible into 330,000 shares at 30¢ per share and correspondingly to increase the amount of share purchase warrants to 330,000 shares to be exercisable at 50¢ per share. The Board of Directors of the Company has agreed to accept the amended subscription dated October 29, 1968, subject to acceptance of this proposal by the Toronto Stock Exchange and the Calgary Stock Exchange. The Purchaser has agreed to deposit funds aggregating \$99,000 with The Royal Bank of Canada, 8th Avenue and 4th Street, Southwest, Calgary 2, Alberta upon notification by the Company of the acceptance of this Filing Statement. The Purchaser has confirmed that all shares of this Company acquired under this proposal will be held for investment and not with any present intention of resale or distribution and that in any event no sale of said shares will be made within six (6) months of the date of issue and if any sales of said shares are to be made in the Provinces of Ontario and Alberta same shall be sold only upon and subject to due compliance with the Securities Acts of said Provinces. Counsel for the Company has advised that in their opinion the sale to the Purchaser falls within the provisions of Section 19(3) of the Securities Act, 1966.

7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.	The Company's securities are being purchased for the sole account of Hollandsche Bank - Unie N.V., Amsterdam, Holland. There are no other outstanding or proposed underwritings or options relative to the Company's shares.
8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.	None
9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.	Funds realized on the sale of Convertible Debentures and exercise of the share purchase warrants would be used primarily to finance the development by Channel Oils Ltd. (a 50% owned subsidiary company) of its 20% interest in certain oil and gas properties in West Virginia, U.S.A. in implementation of the recommendations contained in the accompanying Engineers Report respecting these properties. These properties comprise presently producing oil and gas wells together with undrilled acreage details of which are set forth in the Engineers Reports. Participants in this venture include Permeator Corporation and National Oil Field Service Ltd., both of whom are subsidiaries of National Petroleum Corporation Limited. Funds will also be used for general administrative purposes. The Directors reserve the right to re-allocate the use of funds as circumstances and prudent business judgement may then dictate, but in any event, any re-allocation of funds other than as set forth above would be subject to prior notice having been accepted for filing by the Toronto and Calgary Stock Exchanges.
10. Brief statement of company's chief development work during past year.	The Company did not conduct any development work during the past year.
11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.	On September 30, 1968, Channel Oils Ltd. (a 50% owned subsidiary) acquired a 20% interest in 5,908 acres of oil and gas leases together with 122 producing oil and gas wells including all production equipment located thereon from Permeator Corporation at that Company's cost. These properties are located in Kanawha County, West Virginia, U. S. A., and will be operated by Permeator Corporation on behalf of itself and others. The cost of these properties to Channel Oils Ltd. was \$42,000.00 (U. S.). Permeator Corporation is a subsidiary of National Petroleum Corporation Limited.
12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.	See item 11, above.
13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement.	None
14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	Not applicable

FINANCIAL STATEMENTS

NORTHLAND OILS LIMITED

BALANCE SHEET

AS AT SEPTEMBER 30, 1968

ASSETS		LIABILITIES	
Current Assets:		Current Liabilities:	
Cash	\$ 210.12	Accounts Payable - Trade	\$ 15,577.02
Accounts Receivable - Trade	883.21		
Crude Oil on Hand - at market value	<u>1,465.43</u>		
	\$ 2,558.76		
Investment:		Deferred Liabilities - Note 3	
Channel Oils Ltd. - Note 1	\$ 500.00	Notes Payable - National Petroleum Corporation Limited	\$ 52,464.16
Advances, less allowance	42,549.77	Royalite Oil Co. Ltd. - Repayable out of production	<u>9,619.59</u>
of \$255,413, for loss	<u>\$ 43,049.77</u>		\$ 62,083.75
Permeator Corporation -		Shareholders' Equity	
20,000 Shares, at cost	\$105,063.50	Share Capital	
(quoted market value \$620,000)		Authorized	
Royalty, at cost	<u>6,562.50</u>	5,500,000 shares, par value 20¢	
		Issued	\$921,718.00
		4,608,590 Shares	
Property, Plant & Equipment - at cost - Note 2		Contributed Surplus - premium on issue and conversion of shares	460,628.79
Petroleum Property and Development less accumulated amortization of \$137,340.69	\$528,210.84		
		Deficit	<u>(713,883.44)</u>
Buildings and Equipment less accumulated depreciation of \$267,736.92	<u>\$ 52,244.58</u>		\$668,463.35
Organization Costs	\$ 8,434.17	Approved on behalf of the Board	
		<i>Anthony J. Anderson</i> Director	
		<i>Stanley D. Johnson</i> Director	
			<u>\$ 746,124.12</u>

NORTHLAND OILS LIMITED

STATEMENT OF OPERATIONS AND DEFICIT

FOR THE FOUR MONTH PERIOD ENDED SEPTEMBER 30, 1968

Income

Sale of Oil and Gas	\$ 9,667.18
Less Royalties thereon	<u>1,380.64</u>
	<u>8,286.54</u>

Expenses

Well Operating	7,960.78
Interest and Exchange	1,037.52
Office and Clerical	600.00
Legal and Audit	450.00
General and Administrative	<u>506.72</u>
	<u>10,555.02</u>

Net Loss before undernoted charges	<u>2,268.48</u>
------------------------------------	-----------------

Amortization of Lease & Development Costs	8,384.19
Depreciation of Fixed Assets	<u>2,544.26</u>
	<u>10,928.45</u>

Net Loss for the period	13,196.93
Deficit, May 31, 1968	<u>700,686.51</u>

Deficit, September 30, 1968	<u><u>\$ 713,883.44</u></u>
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NORTHLAND OILS LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE FOUR MONTH PERIOD ENDED SEPTEMBER 30, 1968

Funds Provided

Proceeds from Notes Payable	\$ 14,605.00
Decrease in Working Capital	<u>3,753.70</u>
	<u><u>18,358.70</u></u>

Funds Applied

Net Loss for the period	\$13,196.93	
Less: Depreciation		
& Amortization	<u>10,928.45</u>	2,268.48
Advances to Channel Oils Ltd.		14,104.77
Additions to Property & Equipment		<u>1,985.45</u>
		<u><u>\$ 18,358.70</u></u>

NORTHLAND OILS LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE FOUR MONTH PERIOD ENDED SEPTEMBER 30, 1968

Note 1 Investment in Channel Oils Ltd.

The Company owns 50% of the issued capital stock of Channel Oils Ltd. This investment is carried on the books of the Company on an equity basis. The investment of \$43,049.77 as reflected on the accompanying Balance Sheet represents the Company's share of the net assets of Channel Oils Ltd.

Note 2 Amortization of petroleum leases and development costs is provided on a full cost basis whereby a unit of production cost is determined by pro-rating all lease and development costs incurred against total recoverable reserves of crude oil discovered. Depreciation is provided on a straight line method based on the estimated useful life of plant and equipment.

Note 3 Notes Payable - National Petroleum Corporation Limited

The Company is indebted to National Petroleum Corporation Limited, an associated company, in the amount of \$52,464.16 evidenced by Notes having a maturity of approximately two years from the date of these financial statements.

Royalite Oil Co. Ltd.

The Company has a 3.0277% working interest in certain unitized oil and gas producing properties in Turner Valley, Alberta which are operated by Royalite Oil Co. Ltd. Under the terms of the Unit Agreement the Company is obligated to pay for its share of capital expenditures incurred out of 50% of its share of net proceeds from the Unit. As at September 30, 1968 the Company owed \$9,619.59 to the Unit Operator which amount is repayable out of future production proceeds.

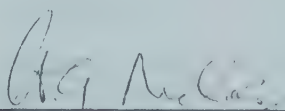
Note 4 No remuneration was paid or is payable to Directors and/or senior officers of the Company for the period under review.

CERTIFICATE of Secretary-Treasurer with
respect to Financial Statement as of
September 30, 1968

The attached Financial Statements of Northland Oils Limited
consisting of:

1. Balance Sheet as at September 30, 1968
2. Statement of Operations and Deficit
for the four month period ended
September 30, 1968
3. Statement of Source and Application
of Funds for the four month period
ended September 30, 1968
4. Notes to Financial Statements as at
September 30, 1968

have been prepared from the books of the Company and, in my opinion, present fairly the position of the Company as at September 30, 1968 and the result of its operations for the four month period then ended and are in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding fiscal year.


Secretary-Treasurer
NORTHLAND OILS LIMITED

Calgary, Alberta
November 5, 1968

CERTIFICATE of Secretary-Treasurer with
respect to Financial Statements as of
September 30, 1968

The attached Financial Statements of Channel Oils Ltd. consisting of:

1. Balance Sheet as at September 30, 1968
2. Statement of Operations and Deficit for the five-month period ended September 30, 1968
3. Statement of Source and Application of Funds for the five-month period ended September 30, 1968
4. Notes to Financial Statements as at September 30, 1968

have been prepared from the books of the Company and, in my opinion, present fairly the position of the Company as at September 30, 1968 and the result of its operations for the five-month period then ended and are in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding fiscal year.



Secretary-Treasurer
Channel Oils Ltd.

Calgary, Alberta
November 12, 1968.

CHANNEL OILS LTD.
(Incorporated as a private company under the laws of Alberta)

BALANCE SHEET

as at September 30, 1968

Assets

Current Assets:			
Cash		\$	498.46
Accounts Receivable			972.81
Inventory of materials & supplies, at cost			<u>24,959.53</u>
		\$	26,430.80
Note Receivable - Marion R. Askin		\$	3,002.36
Fixed Assets - at cost			
Leases and Development	\$44,855.64		
Less: Accumulated amortization	<u>5,708.75</u>	\$	39,146.89
Plant and Equipment	<u>33,006.86</u>		
Less: Accumulated depreciation	<u>1,570.40</u>		<u>31,436.46</u>
			70,583.35
Organization costs			<u>549.62</u>
			<u>\$100,566.13</u>

Liabilities & Shareholders Equity

Current Liabilities:			
Accounts payable		\$	347.48
Notes Payable - Note 1			17,130.00
Shareholders Loans			
National Petroleum Corporation Limited	\$ 322,909.73		
Northland Oils Limited	<u>326,380.21</u>		649,289.94
Capital Stock:			
Authorized - 20,000 shares - no par value			
Issued - 1,000 shares	\$ 1,094.28		
Deficit	<u>(567,295.57)</u>		<u>(566,201.29)</u>
			<u>\$100,566.13</u>

Approved on behalf of the Board

 Director

 Director

CHANNEL OILS LTD.

Statement of Operations and Deficit
For the five-month period ended September 30, 1968

<u>Income</u>		\$ NIL
<u>Expenses</u>		
Audit	\$ 321.19	
Licenses and taxes	98.81	
Interest and Bank charges	2.74	
Allowance for depreciation	<u>721.54</u>	\$ 1,144.28
Net Loss for the period		1,144.28
Deficit, May 1, 1968		<u>566,151.29</u>
Deficit, September 30, 1968		<u>\$567,295.57</u>

Statement of Source and Application of Funds
For the five-month period ended September 30, 1968

<u>Source of Funds:</u>		
By Shareholders loans		
National Petroleum Corporation Limited	\$13,917.72	
Northland Oils Limited	<u>13,918.30</u>	\$ 27,836.02
By Proceeds from Notes Payable		17,130.00
By Payments received on Note Receivable		218.08
By decrease in working capital		<u>204.89</u>
		<u>\$ 45,388.99</u>
<u>Application of Funds:</u>		
To operations	\$ 1,144.28	
Less: Allowance for depreciation	<u>721.54</u>	\$ 422.74
To Fixed Asset Acquisition		<u>44,966.25</u>
		<u>\$ 45,388.99</u>

CHANNEL OILS LTD.

Notes to Financial Statements
September 30, 1968

Note 1 Notes Payable comprise the following indebtedness incurred in the acquisition of certain oil and gas properties in West Virginia:

<u>Payable to</u>	<u>Due Dates</u>	<u>Amount</u>	<u>Rate of Interest</u>
Krebs Oil Company	June 1, 1969	\$ 4,282.50	6½%
Krebs Oil Company	June 1, 1970	4,282.50	6½%
Westates Petroleum Company	June 1, 1971	4,282.50	7½%
Westates Petroleum Company	June 1, 1972	<u>4,282.50</u>	7½%
		<u>\$17,130.00</u>	

ENGINEER'S REPORT

REPORT ON GAS AND OIL PROPERTY

OWNED JOINTLY BY

PERMEATOR AND WOLF CORPORATIONS

KANAWHA COUNTY, WEST VIRGINIA

NOVEMBER 12, 1968

SCOPE

The purpose of this report is a compilation of the areas and wells, jointly acquired as of midnight, September 30, 1968, by Permeator Corporation and Wolf Corporation, located in Big Sandy, Elk and Malden Districts of Kanawha County, West Virginia, each holding an undivided 50% interest therein.

The writer of this report has been closely associated with the property and its operations for the past fifteen years. The information contained herein reflects his observations over this period.

LOCATION

The properties owned are, in effect, three units based upon separate acquisitions as follows:

- (1) Krebs Oil Company - Located in Elk and Malden Districts
- (2) Silman Purchase - Located in Big Sandy District
- (3) Edward Gebhart Lease - Located in Elk District

AREA AND DEVELOPMENT

The following charts disclose the areas and developments of the three acquisitions:

KREBS OIL COMPANY:

<u>Leases</u>	<u>Acreage</u>	<u>No. of Wells</u>
Mary J. Abbott	36	4
Elk River Coal Company	1576	15
T. J. Gillespie	109	9
G. W. Harless	50	1
C. J. Hunt	946	28
H. V. Kingsley	30	1
W. H. Morris	50	3
B. G. Myers	65	4
Isabella Myers	80	3
Numa Block Coal Company	1025	2
C. Q. Smith	590	4
Chloe Young	46	2
Total	4603 Acres	82 Wells

SILMAN PURCHASE:

<u>Leases</u>	<u>Acreage</u>	<u>No. of Wells</u>
James F. Brown	300	13
J. R. Davis	17	1
Peter Silman	5	1
Lowery Heirs	50	3
E. V. Critchfield	14	1
Jarrett Heirs	5	1
Total	391 Acres	20 Wells

EDWARD GEBHART LEASE:

	<u>Acreage</u>	<u>No. of Wells</u>
Total	914 Acres	20 Wells

SUMMARY

(1) Krebs Oil Company	-	4603 Acres	-	82 Wells
(2) Silman Purchase	-	391 Acres	-	20 Wells
(3) Edward Gebhart Lease	-	914 Acres	-	20 Wells
Total	8	5908 Acres		122 Wells

PRODUCING HORIZONS

The principal producing horizon from which nearly all of the wells are producing is the Weir Sand which is encountered at depths varying from 1500 to 2200 feet, depending upon surface elevation. This formation is of the Mississippian Age, lying approximately 300 feet below the top of the Mississippian (Big Lime). The Sand is lenticular with numerous oil and gas "pays" encountered at various depths in the formation. The Sand varies greatly in porosity and permeability, but its principal characteristic is the extremely long life of its production, both oil and gas.

The majority of the wells were drilled during the period 1915-1925, and have been in continuous production since that date. It is interesting to note that recent wells that have been completed in this formation, both on the property and adjoining acreage, have shown that the rock pressure decline over the period of the past forty years has only been about 50% from that of the initial rock pressure when the wells were first drilled.

A number of the wells located on the Silman Purchase Lease have been plugged back from the Weir Sand and are producing gas from the Big Injun horizon. This formation in this area has the same peculiarities of relatively low porosity and permeability, resulting in a long lived history of production.

Due to the peculiarities of the sand conditions, secondary recovery has never been successfully tried in the Kanawha County area in this formation. The writer has discussed this matter with the various service companies, and it is their opinion that new and more improved methods of completion may result in a greatly accelerated increase in primary production and may eventually lead through ways and means of recovering marginal reserves of both oil and gas by secondary or tertiary methods.

By using the well-completion process developed by Permeator Corp. and utilizing Permeator's permafrow, it is the opinion of the writer of this report the initial production from new wells drilled will be greater than the 122 wells previously drilled using other methods, and, by the same token, treatment with this process of existing wells for secondary recovery will greatly stimulate their production.

POTENTIAL PRODUCTIVE HORIZONS

This property was originally explored and developed for the Oriskany gas; smaller amounts of gas occurring in the following horizons were disregarded due to the greater production from the Oriskany wells. Commercial wells have been explored, developed and are producing in the following sands at the approximate depths:

<u>Producing Sand</u>	<u>Approximate Depth</u>
Big Lime	1,400 Feet
Big Injun	1,550 "
Squaw	1,750 "
Weir	1,850 "
Berea	2,380 "
Shale (Devonian)	4,400 "
Oriskany*	4,950 "
Newburg	5,500 "
Clinton	6,200 "

*Note: Oriskany sand depleted. Now being used by
United Fuel Gas Company for gas storage.

PAST PRODUCTION

Detailed information on production for the past 15 years is available upon request. Suffice to say that during the last 10 years one billion nine hundred twenty-three million five hundred seventy-eight thousand (1,923,578,000) cubic feet of gas has been produced, an average of one hundred ninety-two million three hundred fifty-eight thousand (192,358,000) cubic feet per year, and one hundred three thousand eight hundred fifty-seven point fifty-five (103,857.55) barrels of oil have been produced, an average of ten thousand three hundred eighty-five point seventy-five (10,385.75) barrels per year. During the last 10-year period the decline has been less than 1-1/2% per year, thus indicating production has stabilized.

ADDITIONAL WELL LOCATIONS

It is the practice in West Virginia to allot 40 acres for each shallow well. Predicated upon this, there is sufficient undeveloped area on this property to drill 75 more wells.

PROPOSED FUTURE DEVELOPMENT

The present development program of Permeator Corp. is to drill five additional wells a year and treat with permafrow and the Permeator process five old wells a year, or in all a total of ten wells a year. Should the treatment of five old wells a year result in increased production, as it has in other localities utilizing the Permeator process, the production from these old wells should be increased from five to ten times their present production.

By the same token, production from the new wells should exceed the initial production from the 122 wells previously drilled.

COST OF DRILLING NEW WELLS

New wells can be drilled, excluding cost of completion, on a contract basis between \$19,000.00 and \$20,000.00 per well. However, it is recommended that Permeator Corporation, utilizing their own Bucyrus Erie 36-L spudder and completing equipment, drill their own wells.

Only two wells have been drilled on this property in the past ten year, in which the company's equipment was utilized, costing approximately \$13,000.00 per well.

MARKETS

OIL:

The oil produced from the three acquisitions is being sold to Pennzoil Company at its refining plant at Clendenin, West Virginia, at the Eureka Pipeline posted price of \$3.85 per barrel as of November 12, 1968.

GAS:

The gas is purchased for an average sales price of 20¢ per thousand cubic feet by the following companies:

South Penn Oil Company

United Fuel Gas Company

Consolidated Gas Supply Company

Detailed information on file if requested.

GAS RESERVES

Accurate production data on all three of these properties from the standpoint of gas production is virtually impossible to obtain prior to 1949. For a period of over thirty years gas from this property was being produced under vacuum with no accurate measurement figures. Based upon the rock pressure decline on the wells on this property and others in the general area, the gas reserves are estimated to be four billion five hundred million (4,500,000,000) cubic feet.

OIL RESERVES

Based upon the present primary production only of the 122 wells and assuming no new drilling, the oil reserves of the present wells are estimated to be 180,000 barrels.

The drilling of 75 wells on the undeveloped areas will substantially increase the oil reserves and should either new methods of stimulation be found or improved methods of secondary recovery be developed satisfactorily, it is estimated the recoverable reserves would be a minimum of one million five hundred thousand (1,500,000) barrels.

In all probability the Permeator process with its permaflew should be the answer to this question.

INVENTORY

BUILDINGS

- 1 Office - Located at Pinch, West Virginia
- 1 Warehouse - Pinch, West Virginia
- 1 Tool House - Pinch, West Virginia
- 3 Tool Houses - Located on leases
- 2 Corrugated Steel Compressor Stations -
Located at Well No. 9 on the Gebhart Lease

PRODUCTION EQUIPMENT

- 122 Oil and Gas Wells
- 1 Bucyrus Erie 36-L Spudder, complete with
Drilling Tools of all sizes
- 3 Bailing Machines
- 101 Standard Rigs
- 101 Reid and J. C. 20 Horse Power Engines
- 2 Pumping Jacks and Motors
- 2 Portable Light Plants - complete
- 1 Hobart Welder
- 77 Steel Oil Stock Storage Tanks - Capacity 4,375 Bbls.
- 1 Compressor - New - In Use
- 1 Compressor - For standby use
- 1 International TD-9 Bulldozer
- 1 International Truck - 1-ton capacity
- 1 Chevrolet Truck - 1½-ton capacity
- 1 Ford Truck - 2-ton capacity
- 1 Ford Truck - 2½-ton capacity
- 1 Pipe Trailer
- 2 Koler Light Plants
- 1 20 Horse Power Boiler
- 233' 10" Casing
- 1257' 8" Casing
- 398' 7" Casing
- 2144' 5½" Casing
- 108' 4" Casing
- 3756' 2" Upset Tubing
- 1054' #2 Range Tubing - 2"

In addition to the above, there is a large inventory of miscellaneous small equipment and material such as drilling stems, bailors, bits, reamers, side wall spears, wall hooks, spuds, sockets, long stroke jars, short stroke jars, clean-out wrinchs, latch jacks, elevators, rope sockets, chain hoists, swobs, nipples, swedges, gate valves, packers, drop jacks and miscellaneous tools.

TUBULAR MATERIAL IN WELLS

<u>Size</u>	<u>Feet</u>
2" Tubing	242,407
4" Casing	1,990
5" Casing	37,549
7" Casing	193,797
8" Casing	8,220
Total - - - - -	483,963

TRANSMISSION LINES

In addition to the 95,735 feet of the gathering lines to the various wells on the property, there is a large amount of main transmission lines connected to the purchase meters. A conservative estimate of these lines would be as follows:

<u>Size</u>	<u>Feet</u>
2" Line Pipe	175,000
3" Line Pipe	10,000
4" Line Pipe	12,000
5" Line Pipe	4,000
Total - - - - -	201,000

CAPITOL INVESTMENT

The capitol investment in this property is as follows:

Compressors, Drilling and Well Equipment	\$ 302,300.00
Tubular Material - Wells	707,126.78
Transmission Lines	115,361.30
	<u>\$ 1,124,788.08</u>

The equipment and tubular material is in excellent condition and efficiently maintained. However, some repairs and replacements from time to time are required on the Transmission Lines.

OPERATOR

The property is being operated by Permeator Corporation for and in behalf of Permeator Corporation and Wolf Corporation.

ATTACHMENTS

Three (3) representative well logs:*

Edward Gebhart Well No. 1

James F. Brown Well No. 31

C. J. Hunt Well No. 51

*Note: Logs of all wells are available upon request.

Respectfully submitted,

Rush Meadows

Rush Meadows

Dated at Charleston, W. Va.
United States of America
November 12, 1968



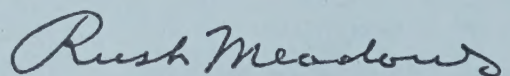
C E R T I F I C A T E

I, RUSH MEADOWS, of the City of Charleston, in the County of Kanawha, State of West Virginia, United States of America, hereby certify:

1. That I am a mining engineer and geologist and reside at 602 Stonewall Drive, in the City of Charleston, in the County of Kanawha, State of West Virginia, United States of America.
2. That I attended the University of Santa Clara, Santa Clara, California, and also the University of Southern California, Los Angeles, California; graduating from the University of Southern California.
3. That I have been practicing my profession as a mining engineer and geologist since 1916, covering a period of 52 years.
4. That I have no interest, either directly or indirectly, nor do I expect to receive any interest, either directly or indirectly, in the property of Permeator Corporation and Wolf Corporation or any affiliated company.
5. That I do not beneficially own, either directly or indirectly, any securities of Permeator Corporation and Wolf Corporation or any affiliated company.
6. That the accompanying report is based on personal examination and inspection of the property and close association therewith in a consulting capacity for the past fifteen years and upon a study of the company's records of exploration, as well as personal knowledge of exploration, in the area since 1938.
7. That I am a member of the following professional associations:

National Society of Professional Engineers
West Virginia Society of Professional Engineers
American Mining Congress
Arizona Small Mine Operators Association
West Virginia Coal Mining Institute
Kanawha Valley Mining Institute

Dated this 12th day of November, 1968.



Rush Meadows
Mining Engineer and Geologist

FOOTNOTE-The three representative well logs mentioned
in the above are on file with the Toronto
Stock Exchange.

15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.	National Petroleum Corporation Limited, 209 Eighth Avenue Southwest, Calgary 2, Alberta. 1,337,500 shares (1) Donald F. Love, c/o Imperial Bank of Canada, Calgary, Alberta. 400,000 shares (2) Herbert M. Zandmer and R.L. Abrams, 501 Lesson-Lineham Building, Calgary 2, Alberta. 200,000 shares (3) A. M. Kidder & Co. Inc., 630 Dorchester Blvd. West, Montreal, Quebec. 125,100 shares (2) James Richardson & Sons, 173 Portage Avenue, Winnipeg, Manitoba. 124,984 shares (2) (1) National Petroleum Corporation Limited beneficially owns 1,670,570 shares. (2) Beneficial ownership unknown. (3) As nominees of National Petroleum Corporation Limited.												
16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.	It is believed that the present management is in such position, subject to acquisition of proxies from the largest registered shareholders above shown and dependent upon representation at any meeting of shareholders.												
17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.	<table><thead><tr><th></th><th>Number of Shares</th><th>Cost</th><th>Market Value September 1, 1968</th></tr></thead><tbody><tr><td>Channel Oils Ltd.</td><td>500</td><td>\$500.00</td><td>unknown</td></tr><tr><td>Permeator Corporation</td><td>20,000</td><td>\$105,063.50</td><td>\$620,000.00</td></tr></tbody></table> Channel Oils Ltd. is a private company having an issued share capital of 1,000 common shares. Northland Oils Limited and National Petroleum Corporation Limited each own 500 shares of the issued common stock of Channel Oils Ltd. National Petroleum Corporation Limited owns 36.25% of the issued common shares of Northland Oils Limited.		Number of Shares	Cost	Market Value September 1, 1968	Channel Oils Ltd.	500	\$500.00	unknown	Permeator Corporation	20,000	\$105,063.50	\$620,000.00
	Number of Shares	Cost	Market Value September 1, 1968										
Channel Oils Ltd.	500	\$500.00	unknown										
Permeator Corporation	20,000	\$105,063.50	\$620,000.00										
18. Brief statement of any lawsuits pending or in process against company or its properties.	None												
19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.	None												
20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.	There are no other material facts. None of the Company's shares are in the course of primary distribution to the public.												

CERTIFICATE OF THE COMPANY

DATED November 15, 1968

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

"G.A. Harris"

NORTHLAND OILS LIMITED

CORPORATE
SEAL

"W.G. Nichols"

CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)